

COMMONWEALTH OF VIRGINIA



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STATE CORPORATION COMMISSION BUREAU OF INSURANCE

October 1, 1990

Administrative Letter
1990-15

**TO: ALL HEALTH MAINTENANCE ORGANIZATIONS LICENSED
IN VIRGINIA**

**RE: ALLOCATION OF GROUP PREMIUMS FOR MULTIJURISDICTIONAL
HEALTH MAINTENANCE ORGANIZATIONS**

Virginia Code §38.2-400 states that the annual assessment for maintaining the Bureau of Insurance shall be in proportion to the direct gross premium income on business done in Virginia. This assessment is due on or before March 1 of each year for deposit into the state treasury.

Multijurisdictional health maintenance organizations are using several different methods to determine how their subscriber income should be allocated to the various jurisdictions in which they do business. The method of allocation may have a direct impact on the amount of income subject to assessment by the Bureau of Insurance. The Bureau is, therefore, requiring all multijurisdictional health maintenance organizations to allocate their premium income for group policies according to the location of the group contract holder. This means that, for the purpose of calculating the amounts due to the Bureau of Insurance for its annual maintenance assessment, the subscriber income allocated to Virginia should be those premiums received for direct group business generated from Virginia employers and other Virginia group policyholders. This amount should be the same as that reported in Schedule N of the Annual Statement.

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For purposes of uniformity, all health maintenance organizations licensed in Virginia are now required to use this method of premium allocation. Should you have any questions, please direct them, in writing, to:

Brian P. Gaudiose
Administrative Services Manager
Bureau of Insurance
State Corporation Commission
P. O. Box 1157
Richmond, VA 23209

Sincerely,

A handwritten signature in black ink, appearing to read "S. T. Foster", with a long horizontal flourish extending to the right.

Steven T. Foster
Commissioner of Insurance

STF:dw